



TENNESSEE REGULATORY AUTHORITY

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TRA DIRECTORS LIMIT TENNESSEE AMERICAN WATER RATE INCREASE

NASHVILLE – Tennessee Regulatory Authority directors today approved Tennessee American Water Company a \$1.6 million rate increase, a figure less than the \$7.64 million the company requested for serving customers in Chattanooga and the surrounding area.

In a motion that carried a vote of two to one, the Authority approved a 4.37 percent increase, less than the 21.7 percent increase sought by the company. Although the increase to customer's bills may vary from month to month, Chattanooga customers with average water usage would see an increase of \$.72 per month.

"Overall, in my opinion, they [Tennessee American Water Company] did not meet the burden of proving the rate case they filed," said Director Eddie Roberson, presiding chairman of the hearing.

In approving the lower rate increase, TRA directors also directed Tennessee American Water Company to conduct an extensive management audit that would determine the accuracy of allocations and prudence of expenses.

TRA directors held five days of hearings on the rate increase in August at the Hamilton County Courthouse in Chattanooga. Several customers expressed their feelings about a rate increase during the sessions.

"I want to thank my fellow directors for their cooperation in convening the hearing in Chattanooga," said Director Eddie Roberson. "I thought it was an excellent opportunity for the people of Chattanooga to see TRA and government at work."

The company has been given 30 days to file new tariffs with the agency reflecting the increased rates.

The mission of the TRA is to promote the public interest by balancing the interests of utility consumers and providers. For more information on the TRA, visit online at www.state.tn.us/tra.

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